

**SCHOOL DISTRICT
OF
TOWNSHIP OF ELSINBORO**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Township of Elsinboro Board of Education

Salem, New Jersey

For the Fiscal Year Ended June 30, 2012

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For the Fiscal Year Ended June 30, 2012

Prepared by

Elsinboro Township Board of Education

Finance Department

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF ELSINBORO BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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INTRODUCTORY SECTION

ELSINBORO TOWNSHIP BOARD OF EDUCATION
ELSINBORO TOWNSHIP SCHOOL
631 Salem-Fort Elfsborg Road
Salem, New Jersey 08079

Constance McAllister
Chief School Administrator
(856) 935-3817
FAX: (856) 935-6944

Rebecca Joyce
BA/Board Secretary
(856) 935-1627 Ext. 112
FAX: (856) 935-3017

September 19, 2012

Honorable President and
Members of the Board of Education
Elsinboro Township School District
Salem, New Jersey 08079

Dear Board Members:

The comprehensive annual financial report of the Elsinboro Township Public School District for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, P.L. 98-502 as amended by The Single Audit Act Amendments of 1996, P.L. 104-156 and the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations* and the state Treasury Circular Letter 04-04 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Elsinboro Township Public School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The Elsinboro Township Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2011-2012 fiscal year with an enrollment of 100 students, which is 1 less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-12	100	(0.99)%
2010-11	101	2.02%
2009-10	99	(1.98)%
2008-09	101	(6.73)%
2007-08	107	0%
2006-07	110	(8.1)%
2005-06	122	6.0%
2004-05	113	(3.4)%
2003-04	117	(8.6)%
2002-03	128	0.01%

2. ECONOMIC CONDITION AND OUTLOOK:

The Elsinboro Township area is a rural community of Salem County and presently is not experiencing any significant development or expansion.

3. MAJOR INITIATIVES:

- A. To strive to maintain the present level of educational opportunities for students, staff, parents and community members.
 - 1. To explore additional sources of educational opportunities for students and parents.
 - 2. To attract and retain students in the Elsinboro Township School District by increasing community awareness, knowledge, and participation in the Interdistrict School Choice Program.
 - 3. To explore the possibility of additional shared services with neighboring districts. To improve educational opportunities, meet federal mandates, and keep our school open, alternatives must be sought to reduce costs while still maintaining our identity and vitality.
- B. To improve student achievement through high expectations, frequent monitoring of student progress, and staff development activities.
 - 1. To achieve the yearly individual student growth as determined by the NJDOE in grades 3-8 on the NJ ASK Assessment Tests.
 - 2. To continue to increase staff awareness of the NJ Common Core Content Standards, the skills tested on the NJ ASK Assessment Tests, individual student performance on these tests and teaching strategies that are scientifically research based.
 - 3. To continue to implement RTI testing in grades K-5. RTI will help in the diagnosis of educational disabilities. It will allow Elsinboro staff to intervene early to meet the needs of struggling learners. RTI maps those specific instructional strategies found to benefit a particular student.

4. To continue to improve student writing through the use of "The Writing Academy," school-wide rubrics based on the New Jersey Holistic Scoring Rubrics, increased writing in every subject area and oral presentations of selected student's work.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control process designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control process is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that an adequate internal control process is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control process is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control process, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 2.

7. DEBT ADMINISTRATION:

At June 30, 2012, the District's outstanding debt issues represented \$33,772 in NJEDA loans as compared with \$49,794 at June 30, 2011.

8. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit funds in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board's Audit Committee selected Raymond Colavita, C.P.A., R.M.A., from the accounting firm of Nightlinger, Colavita and Volpa, P.A. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Elsinboro Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the public school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

Constance McAllister

Constance McAllister, Chief School Administrator

Rebecca S. Joyce

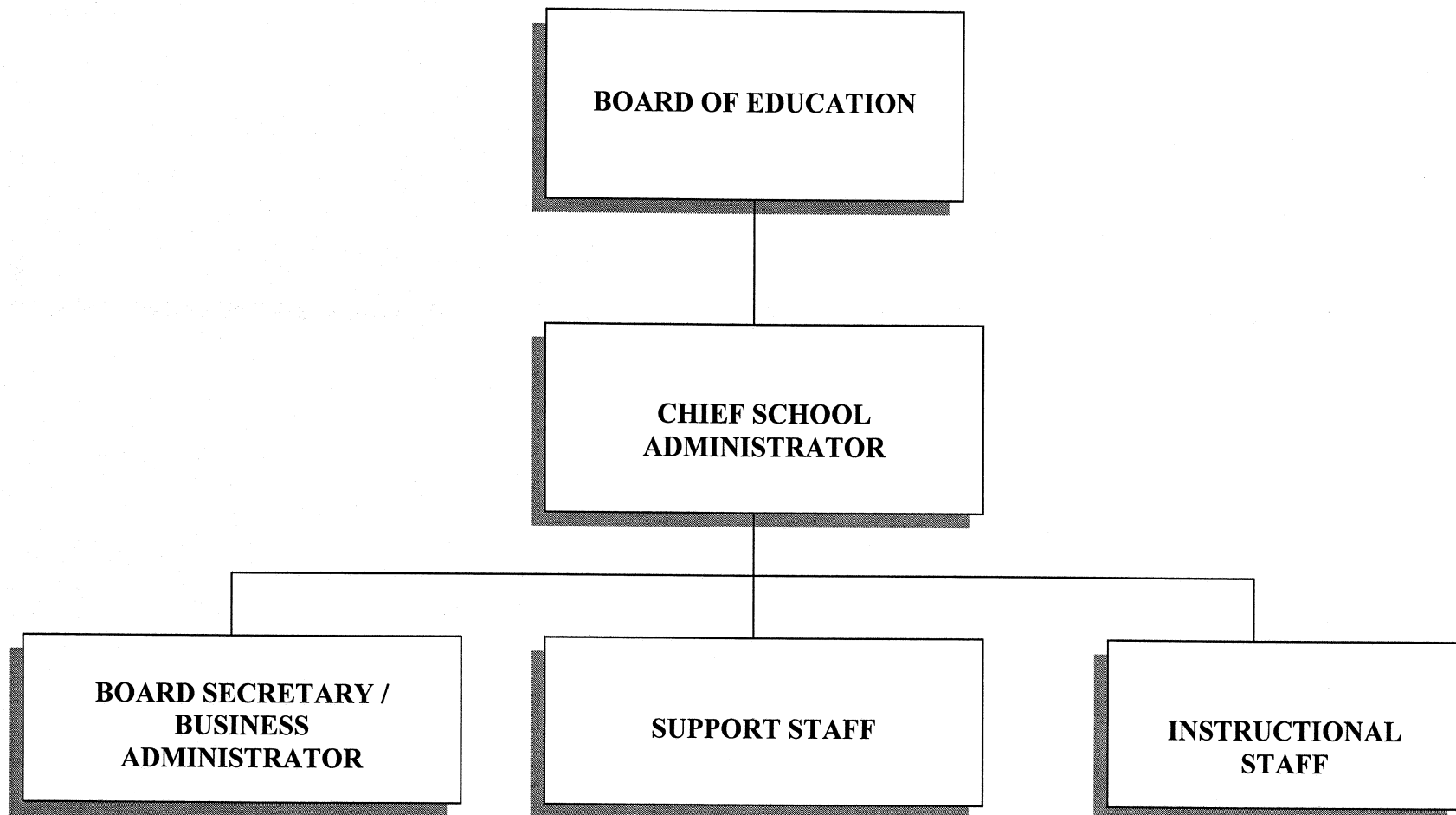
Rebecca Joyce, School Business Administrator

ELSINBORO TOWNSHIP BOARD OF EDUCATION

Salem, New Jersey

ORGANIZATIONAL CHART

(UNIT CONTROL)



ELSINBORO TOWNSHIP BOARD OF EDUCATION
SALEM, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2012

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Mary Cummings, President	2013
Kelly Ann Delaney, Vice President	2012
Michael Khairzada	2013
Mary Master	2014
Carol Ridgway	2012
Kathleen Sheffield	2013
June Sieber	2014
<u>OTHER OFFICIALS</u>	<u>Amount of Bond</u>
Constance McAllister, CSA	
Rebecca Joyce, School Business Administrator	\$50,000
Shannon DuBois, Treasurer of School Funds	\$150,000
Frank Cavallo, Solicitor	

Note: Elections moved to November therefore terms are extended
to the end of the year.

TOWNSHIP OF ELSINBORO BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

AUDIT FIRM

Raymond Colavita, CPA, RMA
Nightlinger, Colavita and Volpa, P. A.
Certified Public Accountants
991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

ATTORNEY

Parker McCay
Frank P. Cavallo, Jr., Esq.
PO Box 5054
Mount Laurel, NJ 08054

OFFICIAL DEPOSITORY

The Bank
1 South Main St.
Woodstown, New Jersey 08098

Century Savings
1376 W. Sherman Avenue
Vineland, New Jersey 08360

INSURANCE AGENCY

Connor Strong Insurance Services, Inc
PO Box 358
Bridgeton, New Jersey 08302

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
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Williamstown, NJ 08094

(856) 629-3111
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September 19, 2012

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Elsinboro School District
County of Salem, New Jersey 08079

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Township of Elsinboro School District in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Township of Elsinboro School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Elsinboro Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Township of Elsinboro Board of Education in the County of Salem, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 19, 2012 on our consideration of the Township of Elsinboro Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governments Auditing Standards and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 10 through 18 and 48 through 56 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Elsinboro Board of Education's financial statements as a whole. The introductory section, and other supplementary information, such as, the combining and individual fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by New Jersey OMB's Circular 04-04, *Single Audit Policy For Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

REQUIRED SUPPLEMENTARY INFORMATION – PART I

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
TOWNSHIP OF ELSINBORO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

UNAUDITED

The discussion and analysis of Township of Elsinboro Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- ❖ General revenues accounted for \$1,873,355 in revenue or 86% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$310,919 or 14% percent to total revenues of \$2,184,274.
- ❖ Total net assets of governmental activities decreased by \$12,614 from the previous year.
- ❖ The School District had \$2,197,852 in expenses, of which \$310,919 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$1,873,355 were adequate to provide for these programs.
- ❖ The General Fund had \$1,989,805 in revenues and \$1,993,935 in expenditures and a transfer to food service of \$7,093. The General Fund's balance decreased \$11,223 over 2011. This decrease was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Township of Elsinboro School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Township of Elsinboro School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial positions of the School district has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ❖ **Governmental Activities** – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ❖ **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds begins on page 21. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs.

Governmental Funds (Cont'd)

The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore these statements are essentially the same.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a comparative summary of the School District's net assets for the years ended in 2012 and 2011.

Table 1
Net Assets

	2012	2011
Assets		
Current and Other Assets	\$ 570,855	\$ 583,953
Capital Assets, Net	149,975	168,309
Total Assets	720,830	752,262
Liabilities		
Long-term Liabilities	56,972	73,394
Other Liabilities	3,309	4,741
Total Liabilities	60,281	78,135
Net Assets		
Invested in Capital Assets, Net of Debt	116,203	118,515
Restricted	226,472	200,775
Unrestricted	317,874	354,837
Total Net Assets	\$ 660,549	\$ 674,127

Table 2 shows the changes in net assets from fiscal year's 2012 and 2011.

Table 2
Changes in Net Assets

	2012	2011
Revenues		
Programs Revenues		
Charges for Services	\$ 77,743	\$ 64,279
Operating Grants and Contributions	233,176	219,851
General Revenues		
Property Taxes	1,298,716	1,273,610
Grants and Entitlements	514,073	494,876
Other	60,566	65,590
Total Revenues	\$ 2,184,274	\$ 2,118,206
Program Expenses		
Instruction	\$ 790,454	\$ 797,749
Support Services		
Tuition	437,036	411,089
Pupils and Instructional Staff	226,125	231,960
General Administration, School		
Administration, Business	144,896	145,212
Operations and Maintenance of		
Facilities	106,441	113,117
Pupil Transportation	118,743	111,446
Employee Benefits	315,590	286,510
Interest on Debt	1,566	2,291
Food Service	38,856	33,259
Other	18,145	15,992
Total Expenses	2,197,852	2,148,625
Increase in Net Assets	\$ (13,578)	\$ (30,419)

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The District's total revenues were \$2,153,475 for the fiscal year ended June 30, 2012. Property taxes made up 60% percent of revenues for governmental activities for the Township of Elsinboro School District for fiscal year 2012. Federal, state and local grants accounted for \$730,234 or another 34%. The total cost of all program and services was \$2,158,996. Instruction comprises 37% of District expenses.

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service expenses exceeded revenues by \$8,057.
- ❖ Charges for services represent \$13,784 of revenue. This represents amount paid by patrons for daily food services.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$17,015.
- ❖ There was also a board subsidy in the amount of \$7,093 to offset the deficit.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the comparison of the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

	Table 3			
	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
Instruction	\$ 790,454	\$ 723,578	\$ 797,749	\$ 721,458
Support Services				
Tuition	437,036	437,036	411,089	411,089
Pupils and Instructional Staff	226,125	150,280	231,960	164,638
General Administration, School				
Administration, Business	144,896	144,896	145,212	145,212
Operation and Maintenance of Facilities	106,441	106,441	113,117	113,117
Pupil Transportation	118,743	118,743	111,446	111,446
Employee Benefits	315,590	178,191	286,510	173,804
Interest and Fiscal Charges	1,566	1,566	2,291	2,291
Other	18,145	18,145	15,992	15,992
Total Expenses	\$ 2,158,996	\$ 1,878,876	\$ 2,115,366	\$ 1,859,047

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School District which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

The School District's Funds

Information about the School District's major funds starts on page 21. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$2,089,516 and expenditures of \$2,100,739. The net positive/negative change in fund balance for the year was most significant in the General Fund, which had a decrease of \$11,223.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2012, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2011</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 1,359,282	65%	\$ 20,082	2%
State Sources	631,348	30%	23,359	3%
Federal Sources	98,886	5%	5,674	10%
Total	<u>\$ 2,089,516</u>	<u>100%</u>	<u>\$ 49,115</u>	<u>2%</u>

The increase in Local Sources is attributed to increases in tuition revenue of \$6,832, transportation jointures of \$2,160 and local tax levy of \$25,106 combined with decreases in miscellaneous revenue of \$9,853 and interest revenue of \$4,163.

The increase in State Sources is attributable to an increase in general fund state aid of \$23,419, combined with decreases in state debt service aid of \$60.

The increase in Federal Sources is attributed to increases in grant awards totaling \$5,674.

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2012.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2011</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 790,454	38%	\$ (7,295)	-0.99%
Undistributed Expenditures	1,285,272	61%	43,132	3.70%
Capital Outlay		0%	(10,767)	-265.26%
Debt Service:				
Principal	16,022	1%	525	3.61%
Interest	1,898	0%	(709)	-17.98%
Total	<u>\$ 2,093,646</u>	<u>100%</u>	<u>\$ 24,886</u>	<u>1.29%</u>

The decrease in Current – Instruction is attributed to a decrease in regular instruction of \$7,447 and other instruction of \$8, offset by a slight increase in special education instruction of \$160.

The increase in Current – Undistributed Expenditures is attributed to increases in employee benefits of \$36,680, tuition costs of \$25,947 and pupil transportation of \$7,297 combined with decreases in general and school administrative services and central services of \$316, student and instructional related services of \$19,800, plant operations and maintenance of \$6,676.

The decrease in capital outlay of \$10,767 is attributed to no capital spending this year as compared to last.

The decrease in debt service is due to interest reduction of \$709, offset by increased principal payments of \$525.

General Fund Budgeting Highlights

The School District's Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2012, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ❖ Staffing changes based on student needs.
- ❖ Additional costs for student transportation both in regular education and special education.
- ❖ Accounting changes in maintenance and operations.
- ❖ Changes in appropriations to prevent budget overruns.

While the District's final budget for the general fund anticipated that revenues and expenditures would equal, the actual results for the year show a \$2,216 increase in fund balance.

- ❖ Actual revenues were \$180,848 higher than expected, due to increases in State Aid of \$156,064 and local sources of \$24,784.
- ❖ The actual expenditures were \$271,969 lower than expected, primarily due to favorable variances in most line items of the budget. The most significant positive variances were tuition for CSSD and private schools for the disabled of \$22,994, increase in maintenance reserve of \$120,000 and contracted transportation services of \$18,643. These variances were offset by on-behalf pension and social security costs.

Capital Assets

At the end of the fiscal year 2012, the School District had \$148,881 invested in land, buildings, site improvements and machinery and equipment. Table 4 shows fiscal 2012 balances compared to 2011.

Table 4
Capital Assets (Net of Depreciation) at June 30

	2012	2011
Land	\$ 35,442	\$ 35,442
Building and Improvements	105,700	120,707
Machinery and Equipment	8,739	11,877
Totals	<u>\$ 149,881</u>	<u>\$ 168,026</u>

Overall capital assets decreased \$18,145 from fiscal year 2011 to fiscal year 2012. This decrease in capital assets (primarily buildings and improvements and equipment) represented unallocated depreciation expense of \$18,145 for the year.

Debt Administration

At June 30, 2012, the School District had \$56,972 as outstanding debt. Of this amount \$23,200 is for compensated absences and \$33,772 for two NJEDA loans for various improvements issued in 1993. At June 30, 2012, the School District's overall legal debt margin was \$3,391,946, of which \$3,358,174 was available for future projects.

The descriptions and balances of the two NJEDA loans are as follows:

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Balance on June 30, 2012</u>
Various Improvements	8/18/1993	\$ 62,500	\$ 6,588
Various Improvements	8/18/1993	187,500	27,184

For the Future

The Township of Elsinboro School District is presently in good financial condition. Future finances are not without challenges as the community continues to deal with increasing fixed costs, along with stagnant or loss in state funding.

The Township of Elsinboro is primarily a residential community, with very few ratables and thus the tax burden is focused on homeowners. During the last budget process, it was a concern of the Administration and Board of Education on how future budgets would be financed. In an effort to optimize spending in educational program areas, the district closely monitors our administrative cost. In addition, the Board of Education and the Administration continually review all program cost centers in the District in order to hold the tax rate down.

In conclusion, the Elsinboro School District has committed itself to effective financial planning and budgeting. The District also endeavors to maintain optimum internal financial controls in order to meet the financial challenges of the future through sound fiscal management.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Rebecca Joyce, School Business Administrator at Township of Elsinboro Board of Education, 631 Salem-Fort Elfsborg Road, Salem, NJ 08079, or email at joycer@alloway.k12.nj.us

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 547,585	\$ 2,849	\$ 550,434
Receivables, Net	19,982	439	20,421
Restricted Assets:			
Capital Assets, Net (Note 5)	149,881	94	149,975
Total Assets	<u>717,448</u>	<u>3,382</u>	<u>720,830</u>
LIABILITIES			
Accounts Payable	2,605		2,605
Accrued Interest	704		704
Interfund Payable			
Non-current Liabilities (Note 6):			
Due within One Year	16,589		16,589
Due beyond One Year	40,383		40,383
Total Liabilities	<u>60,281</u>		<u>60,281</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	116,109	94	116,203
Restricted for:			
Other Purposes	226,472		226,472
Unrestricted	314,586	3,288	317,874
Total net assets	<u>\$ 657,167</u>	<u>\$ 3,382</u>	<u>\$ 660,549</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 706,745	\$ -	\$ 66,876	\$ (639,869)	\$ -	\$ (639,869)
Special Education	44,730			(44,730)		(44,730)
Other Instruction	38,979			(38,979)		(38,979)
Support Services:						
Tuition	437,036			(437,036)		(437,036)
Student & Instruction Related Services	226,125	63,959	11,886	(150,280)		(150,280)
General and Business Admin Services	74,543			(74,543)		(74,543)
School Administrative Services	44,705			(44,705)		(44,705)
Central Services	25,648			(25,648)		(25,648)
Plant Operations and Maintenance	106,441			(106,441)		(106,441)
Pupil Transportation	118,743			(118,743)		(118,743)
Employee Benefits	315,590		137,399	(178,191)		(178,191)
Interest on Long-Term Debt	1,566			(1,566)		(1,566)
Unallocated Depreciation	18,145			(18,145)		(18,145)
Total Governmental Activities	2,158,996	63,959	216,161	(1,878,876)		(1,878,876)
Business-Type Activities:						
Food Service	38,856	13,784	17,015		(8,057)	(8,057)
Total Business-Type Activities	38,856	13,784	17,015		(8,057)	(8,057)
Total Primary Government	\$2,197,852	\$ 77,743	\$ 233,176	\$ (1,878,876)	\$ (8,057)	\$ (1,886,933)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 1,286,730	\$ -	\$ 1,286,730
Taxes Levied for Debt Service				11,986		11,986
Federal and State Aid Not Restricted				514,073		514,073
Tuition Received				39,039		39,039
Transportation Jointure				2,160		2,160
Investment Earnings				6,664		6,664
Miscellaneous Income				12,703		12,703
Transfers - Food Service				(7,093)	7,093	
Total General Revenues, Special Items, Extraordinary Items and Transfers				1,866,262	7,093	1,873,355
Change in Net Assets				(12,614)	(964)	(13,578)
Net Assets—Beginning				669,781	4,346	674,127
Net Assets—Ending				\$ 657,167	\$ 3,382	\$ 660,549

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

GOVERNMENTAL FUNDS

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
BALANCE SHEETS
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 544,980	\$ 2,605	\$ 547,585
State Aid Receivable	3,450		3,450
Accounts Receivable from Other Governments	16,532		16,532
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 564,962	\$ 2,605	\$ 567,567
	<hr/>	<hr/>	<hr/>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$	\$ 2,605	\$ 2,605
	<hr/>	<hr/>	<hr/>
Total Liabilities		2,605	2,605
	<hr/>	<hr/>	<hr/>
Fund Balances:			
Restricted for:			
Excess Surplus	130,307		130,307
Excess Surplus - Designated for Subsequent Year's Expenditures	139,068		139,068
Maintenance Reserve	54,500		54,500
Committed to:			
Year-end Encumbrances			
Assigned Fund Balance:			
Designated for Subsequent Year's Expenditures	32,904		32,904
Unassigned, Reported in:			
General Fund	208,183		208,183
	<hr/>	<hr/>	<hr/>
Total Fund Balances	564,962		564,962
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 564,962	\$ 2,605	
	<hr/>	<hr/>	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$843,671 and the accumulated depreciation is \$693,790 (see Note 6).

149,881

Accrued Interest

(704)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7).

(56,972)

Net assets of governmental activities

\$ 657,167

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources:				
Local Tax Levy	\$ 1,286,730	\$	\$ 11,986	\$ 1,298,716
Tuition Charges - from Individuals	18,678			18,678
Tuition Charges - from Other Governments	20,361			20,361
Transportation Jointures	2,160			2,160
Interest Earned	6,664			6,664
Miscellaneous	10,421	2,282		12,703
Total - Local Sources	1,345,014	2,282	11,986	1,359,282
State Sources	625,414		5,934	631,348
Federal Sources	19,377	79,509		98,886
Total Revenues	1,989,805	81,791	17,920	2,089,516
EXPENDITURES				
Current:				
Regular Instruction	639,869	66,876		706,745
Special Education Instruction	44,730			44,730
Other Instruction	38,979			38,979
Support Services:				
Tuition	437,036			437,036
Student & Instruction Related Services	150,280	11,886		162,166
General Administrative Services	74,543			74,543
School Administrative Services	44,705			44,705
Central Services	25,648			25,648
Plant Operations and Maintenance	106,441			106,441
Pupil Transportation	118,743			118,743
Employee Benefits	312,961	3,029		315,990
Debt Service				
Principal			16,022	16,022
Interest			1,898	1,898
Total Expenditures	1,993,935	81,791	17,920	2,093,646
Excess (Deficiency) of Revenues over Expenditures	(4,130)			(4,130)
OTHER FINANCING SOURCES (USES)				
Transfer to Food Service Fund	(7,093)			(7,093)
Total Other Financing Sources and Uses	(7,093)			(7,093)
Net Change in Fund Balances	(11,223)			(11,223)
Fund Balance—July 1	576,185			576,185
Fund Balance—June 30	\$ 564,962	\$	\$	\$ 564,962

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Total net change in fund balances - governmental funds (from B-2) **\$ (11,223)**

Amounts reported for governmental activities in the statement
of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of
activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	\$	(18,145)	
Capital Outlays		-	
			(18,145)

Prior Year Fixed Asset Adjustment

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	16,022
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Increase in Compensated Absences	400
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Decrease in Accrued Interest	332
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Change in net assets of governmental activities (A-2)	\$ (12,614)
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The accompanying Notes to Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Fund
	Food Service	Totals	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 2,849	\$ 2,849	\$ 10,314
Federal and State Aid Receivable	439	439	
Total Current Assets	3,288	3,288	10,314
Fixed Assets:			
Equipment	2,832	2,832	
Accumulated Depreciation	(2,738)	(2,738)	
Total Fixed Assets	94	94	
Total Assets	3,382	3,382	10,314
LIABILITIES AND FUND EQUITY:			
Current Liabilities:			
Deferred Revenue			10,314
Total Current Liabilities			10,314
NET ASSETS			
Investments in Fixed Assets	94	94	
Unrestricted	3,288	3,288	
Total Net Assets	\$ 3,382	\$ 3,382	\$

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Fund		Governmental Activities - Internal Service Fund
	Food Service	Total Enterprise	
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 8,033	\$ 8,033	\$
Non-reimbursable Sales	5,751	5,751	63,959
Total Operating Revenue:	13,784	13,784	63,959
Operating Expenses:			
Cost of Sales	27,924	27,924	
Salaries	8,895	8,895	54,722
Other	1,848	1,848	9,237
Depreciation	189	189	
Total Operating Expenses	38,856	38,856	63,959
Operating Loss	(25,072)	(25,072)	-
Non-operating Revenues (Expenses):			
State Sources:			
State School Lunch Program	342	342	
Federal Sources:			
National School Lunch Program	12,015	12,015	
National School Breakfast Program	3,007	3,007	
Food Distribution Program	1,651	1,651	
Total Non-operating Revenues (Expenses)	17,015	17,015	
Loss Before Transfers	(8,057)	(8,057)	
Transfers In (Out)	7,093	7,093	
Change in Net Assets	(964)	(964)	
Total Net Assets—Beginning	4,346	4,346	
Total Net Assets—Ending	\$ 3,382	\$ 3,382	\$

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Fund
	Food Service	Total Enterprise	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 13,784	\$ 13,784	\$ 74,273
Payments to Employees	(8,895)	(8,895)	(54,722)
Payments to Suppliers	(30,211)	(30,211)	(9,237)
Net Cash Provided by (Used for) Operating Activities	(25,322)	(25,322)	10,314
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	342	342	
Federal Sources	16,673	16,673	
Operating Subsidies and Transfers to Other Funds	7,093	7,093	
Net Cash Provided by (Used for) Non-capital Financing Activities	24,108	24,108	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Net Cash Provided by (Used for) Capital and Related Financing Activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends			
Net Cash Provided by (Used for) Investing Activities			
Net Increase (Decrease) in Cash and Cash Equivalents	(1,214)	(1,214)	10,314
Balances—Beginning of Year	4,063	4,063	
Balances—End of Year	\$ 2,849	\$ 2,849	\$ 10,314
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (25,072)	\$ (25,072)	\$
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation and Net Amortization	189	189	
Decrease/(Increase) in Accounts Receivable, Net	(439)	(439)	
Increase/(Decrease) in Deferred Revenue			10,314
Increase/(Decrease) in Interfund Payable		-	
Total Adjustments	(250)	(250)	10,314
Net Cash Provided by (Used for) Operating Activities	\$ (25,322)	\$ (25,322)	\$ 10,314

Noncash Noncapital Financing Activities:

During the year, the district received \$785 of food commodities from the U. S. Department of Agriculture

The accompanying Notes to Financial Statements are an integral part of this statement.

FIDUCIARY FUNDS

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 7,933	\$ 10,607
Total Assets	<u>7,933</u>	<u>10,607</u>
LIABILITIES		
Payable to Student Groups		10,607
Total Liabilities		<u>\$ 10,607</u>
NET ASSETS		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 7,933</u>	

The accompanying Notes to Financial Statements are an integral part of this statement.

EXHIBIT B-8

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Contributions:	
Plan Member	\$ 1,121
	<hr/>
Total Contributions	1,121
Investment Earnings:	
Interest	18
	<hr/>
Total Additions	1,139
	<hr/>
DEDUCTIONS	
Quarterly Contribution Reports	
Unemployment Claims	21
	<hr/>
Total Deductions	21
	<hr/>
Change in Net Assets	1,118
Net Assets—Beginning of the Year	6,815
	<hr/>
Net Assets—End of the Year	\$ 7,933
	<hr/> <hr/>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

A. Reporting Entity:

The Elsinboro School District is a Type II district located in the County of Salem, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of seven members elected to three-year terms. These terms are staggered so that two or three members' terms expire each year. The purpose of the District is to educate students in grades K-8. The Elsinboro School District had an approximate enrollment at June 30, 2012 of 100 students.

Business Administrator/Board Secretary services are contracted with the Salem County Special Services District including responsibility for the administrative control of the district.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of Township of Elsinboro School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). In addition, the School District has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Descriptions*.

A. Basis of Presentation:

The District's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A. Basis of Presentation (Cont'd):

District-wide Statements: The statement of net assets and the statements of activities display information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses-expenses of the District related to the administration and support of the District's programs, such as personnel and accounting-are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting.

B. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds and accounts are grouped in the financial statements in this report as follows:

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting (Cont'd):

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. The district currently has no capital projects and, therefore, has not included a Capital Projects Fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District.

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs (including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting (Cont'd):

PROPRIETARY FUNDS (CONT'D)

Enterprise Funds (Cont'd) - The District's Enterprise Fund is comprised of the Food Service Fund.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	12 Years

Internal Service Fund - The Internal Service Fund has been established to account for custodial services provided by the Elsinboro Township School District for use by Lower Alloway Creek School District. Services are generally provided on a cost-reimbursement basis.

FIDUCIARY FUNDS

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include Unemployment Compensation Insurance.

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District does not maintain a nonexpendable trust fund.

Agency Funds - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting and Measurement Focus:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Budgets/Budgetary Control (Cont'd):

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis, which differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

A reconciliation of the special revenue funds from the budgetary basis of accounting (as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds) to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types is shown on Exhibit C-3.

E. Encumbrance Accounting:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Tuition Receivable:

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition Payable:

Tuition charges for the fiscal years 2009-10, 2010-11 and 2011-12 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

I. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as expenditures during the year of purchase.

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

J. Assets, Liabilities and Equity:

Transactions

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

Inventories

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012. There was no inventory in the Food Service Fund at June 30, 2012.

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

Capital Assets - General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2012 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the general fixed assets account group. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Assets in the general fixed assets account group are not depreciated.

Capital assets are depreciated in the district-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	50
Building Improvements	20
Equipment	5-10

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

K. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the district-wide Statement of Net Assets.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

L. Deferred Revenue:

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned.

M. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

N. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are not reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

O. Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

P. Fund Equity:

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

Q. Comparative Data/Reclassifications:

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

R. Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

S. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

T. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

U. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

V. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest.

Investments are stated at cost, or amortized cost, which approximates market. The Board classifies U.S. Treasury with Agency obligations and certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions in which they may invest. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts as follows:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the School District.

School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. As of June 30, 2012, the District had no funds on deposit with the New Jersey Cash Management.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Deposits:

N.J.S.A. 17:9-41, et seq. establish requirements for the security of deposits of governmental units. The statutes require that school districts deposit public funds in public depositories secured in accordance with the Governmental Unit Deposit Protection Act, which is a multiple financial institution collateral pool enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories.

Public depositories include State or Federally chartered banks, savings banks or associations located in or having a branch office on the State of New Jersey, the deposits of which are federally insured.

All public depositories must pledge collateral, having a market value at least equal to 5% of the average daily balance of collected public funds on deposit, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to Governmental Units.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

The school district has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the Governmental Unit Deposit Protection Act and approves a list of authorized depository institutions based on an evaluation of solicited responses and presentation of GUDPA certifications provided by the financial institutions.

As of June 30, 2012, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	Cash and Cash Equivalents
Checking accounts	\$ 362,620
Savings Certificates	216,668
Total	\$ 579,288

Custodial Credit Risk:

Custodial credit presents a risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's formal policy regarding custodial credit risk is in compliance with N.J.S.A. 17:9-41, et seq. that the School District deposit all public funds in public depositories protected from loss under the provisions of the GUDPA Act as previously described.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

The District does not place a limit on the amount that may be invested in any one issuer. As of June 30, 2012, the District's bank balance of \$601,778 was insured or collateralized as follows:

Insured by Depository Insurance	\$ 466,669
Collateralized under GUDPA	<u>135,109</u>
Total	\$ <u>601,778</u>

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The District does not have a policy that restricts investment choices beyond Title 18A:20-37.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account may be established by New Jersey school districts for the accumulation of funds for capital outlay expenditures in subsequent fiscal years. The Capital Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Post -April 2005 transfers must be in compliance with P.L.2005, C73 (S1701). Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support cost of uncompleted capital projects of \$349,300, as shown in its approved LRFP.

The district does not have a capital reserve account.

NOTE 5. OPERATING LEASES

As of the audit date, the District has commitments to lease two copiers under operating leases that expire in 2014. The total amount of the operating lease obligations initiated in the year ended June 30, 2012 was \$0. The future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 3,807
2014	<u>34</u>
Total	<u>\$ 3,841</u>

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retired</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets That are Not Being Depreciated:				
Land	\$ 35,442			\$ 35,442
Total Capital Assets Not Being Depreciated	35,442			35,442
Land Improvements	67,859			67,859
Building and Building Improvements	683,077			683,077
Machinery and Equipment	86,093		(28,800)	57,293
Totals at Historical Cost	837,029	-	(28,800)	808,229
Less Accumulated Depreciation for:				
Land Improvements	(67,859)			(67,859)
Building and Improvements	(562,370)	\$ (15,007)		(577,377)
Equipment	(74,216)	(3,138)	28,800	(48,554)
Total Accumulated Depreciation	(704,445)	(18,145)	28,800	(693,790)
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	132,584	(18,145)		114,439
Government Activities Capital Assets, Net	\$ 168,026	\$ (18,145)		\$ 149,881
				To A-1
Business-type Activities - Equipment	\$ 2,832		\$ -	\$ 2,832
Less Accumulated Depreciation	(2,549)	(189)		(2,738)
Business-type activities capital assets, net	\$ 283	\$ (189)	\$ -	\$ 94

Depreciation expense was charged to governmental function
as follows:

Unallocated \$ 18,145

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 7. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2012, the following changes occurred in long-term obligations:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year	Long-term Portion
Governmental Activities:						
Bonds Payable:						
NJEDA Loans	\$ 49,794	\$ -	\$ (16,022)	\$ 33,772	\$ 16,589	\$ 17,183
Total Bonds Payable	49,794		(16,022)	33,772	16,589	17,183
Other Liabilities:						
Obligations under Capital Lease						
Compensated Absences Payable	23,600		(400)	23,200		23,200
Total other Liabilities	\$ 73,394	\$ -	\$ (16,422)	\$ 56,972	\$ 16,589	\$ 40,383
						To A-1
Business-Type Activities:						
Compensated Absences Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

A. Bonds Payable – Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

Principal and interest due on bonds outstanding is as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 16,589	\$ 1,161	\$ 17,750
2014	17,183	393	17,576
	<u>\$ 33,772</u>	<u>\$ 1,554</u>	<u>\$ 35,326</u>

B. Bonds Authorized But Not Issued – As of June 30, 2012, the District had no authorized but not issued bonds.

C. Capital Leases – There were no capital leases in force during as of the end of the audit year

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 8. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Significant Legislation - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced. Chapter 415, P.L. 1999 provides for a reduction in this rate of 3% for the calendar years 2000 and 2001 and for a contribution rate reduction of up to 2% of compensation in future calendar years if the State Treasurer determines that excess valuation assets will be used to reduce the normal contributions made to the system by the State and local employers in a fiscal year beginning immediately prior to a calendar year. Where a contribution is required from the Board of Education, the board is billed annually for its normal contribution plus any accrued liability. There is no accrued liability for the Public Employees' Retirement System as of June 30, 2005 since the requirements were fully funded by the State of New Jersey.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 8. PENSION PLANS (CONT'D)

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Three-Year Trend Information for PERS

<u>Year Funding</u>		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>			<u>Net Pension Obligation</u>
6/30/12	\$	10,859	100	%	\$	10,859
6/30/11		9,822	100			9,822
6/30/10		6,067	100			6,067

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Year Funding</u>		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>			<u>Net Pension Obligation</u>
6/30/12	\$	74,679	100	%	\$	0
6/30/11		52,302	100			0
6/30/10		46,922	100			0

During the fiscal year ended June 30, 2012, the State of New Jersey contributed \$24,808 to the TPAF for normal and \$49,871 for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$59,691 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund schedules as a revenue and expenditure in accordance with GASB 27.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 9. POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011 there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

NOTE 10. COMPENSATED ABSENCES

The School District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreement with the various employee unions.

In the district wide-Statement of Net Assets, the liabilities whose average maturities are greater than one year should be reported in two components-the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, a liability existed for compensated absences in the General Fund of \$23,200 and none in the Food Service Fund.

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrator is as follows:

T. Rowe Price and Lincoln Financial

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$	\$ 1,139	\$ 21	\$ 7,933
2010-2011		1,818	54	6,815
2009-2010		1,586	0	5,051

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

There is no interfund balance on the various balance sheets at June 30, 2012.

NOTE 14. INVENTORY

As all meals are received by satellite from a neighboring school district, there is no inventory in the food service fund as of June 30, 2012.

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

NOTE 15. FUND BALANCE APPROPRIATED

General Fund – Of the \$564,962 General Fund balance at June 30, 2012, \$269,375 was reserved as excess surplus at June 30, 2012 in accordance with N.J.S.A. 18A:7F-7; (\$139,068 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2013); \$54,500 is reserved for Maintenance Reserve, \$32,904 has been appropriated and included as anticipated revenue for the year ending June 30, 2013 and \$208,183 is unreserved and undesignated.

Debt Service Fund – The Debt Service fund had no fund balance at June 30, 2012.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 16. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2005, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey School Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2012 is \$269,375, of which \$139,068 must be appropriated in the 2012-13 budget. The remaining excess surplus of \$130,307 will be appropriated in the 2013-14 school year.

NOTE 17. LITIGATION

The District is from time to time involved in claims and lawsuits incidental to its operations. Per confirmation by the District's legal counsel, there are no pending litigations, claims, assessments of contingent liability against the District.

NOTE 18. DEFICIT FUND BALANCES

The District did not have any deficits of fund balance in the General or Special Revenue Fund as of June 30, 2012, as reported in the fund statements (modified accrual basis). N.J.S.A. 18A: 22-44.2 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, a deficit does not alone indicate that the district is facing financial difficulties. There were no deficits as of June 30, 2012.

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

EXHIBIT C-1
SHEET 1

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,286,730	\$	\$ 1,286,730	\$ 1,286,730	\$
Tuition - From Individuals	20,000		20,000	18,678	(1,322)
Tuition - From Other Governments				20,361	20,361
Transportation Jointures				2,160	2,160
Interest on Investments				6,664	6,664
Miscellaneous	13,500		13,500	10,421	(3,079)
Total - Local Sources	1,320,230		1,320,230	1,345,014	24,784
State Sources:					
Equalization Aid	266,206		266,206	266,206	
Special Education Categorical Aid	62,092		62,092	62,092	
Security Aid	17,749		17,749	17,749	
Adjustment Aid	83,340		83,340	104,399	21,059
Categorical Transportation Aid	53,402		53,402	53,402	
Extraordinary Aid					
Non-public Transportation Aid				635	635
On-behalf TPAF Post - Retire Medical (non-budgeted)				49,871	49,871
On-behalf TPAF Pension Contributions (non-budgeted)				24,808	24,808
Reimbursement TPAF Social Security Contributions (non-budgeted)				59,691	59,691
Total - State Sources	482,789		482,789	638,853	156,064
Federal Sources:					
Education Jobs Fund	18,788	589	19,377	19,377	
Total - Federal Sources	18,788	589	19,377	19,377	
TOTAL REVENUES	\$ 1,821,807	\$ 589	\$ 1,822,396	\$ 2,003,244	\$ 180,848
EXPENDITURES:					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers:					
Preschool/Kindergarten	\$ 75,013	\$	\$ 75,013	\$ 72,782	\$ 2,231
Grades 1-5	304,998		304,998	303,060	1,938
Grades 6-8	223,530		223,530	223,115	415
Home Instruction:					
Salaries of Teachers	1,000		1,000	290	710
Purchased Professional - Educational Services	550		550	224	326
Undistributed Instruction - Regular					
Other Salaries for Instruction	16,382	(16,365)	17		17
Purchased Professional - Educational Services	1,000	(1,000)	0		
Other Purchased Services	18,441	(5,700)	12,741	12,479	262
General Supplies	25,500	1,877	27,377	26,686	691
Textbooks	1,500	(1,500)			
Other Objects	2,400		2,400	1,233	1,167
Total Regular Programs	670,314	(22,688)	647,626	639,869	7,757

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Special Education:					
Resource Room:					
Salaries of Teachers	\$ 44,924	\$	\$ 44,924	\$ 44,730	\$ 194
General Supplies	300		300		300
Total Resource Room	45,224		45,224	44,730	494
TOTAL SPECIAL EDUCATION	45,224		45,224	44,730	494
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	43,139	(11)	43,128	38,469	4,659
General Supplies	300		300	10	290
Total Basic Skills/Remedial - Instruction	43,439	(11)	43,428	38,479	4,949
School - Sponsored Co curricular Activities - Instruction:					
Salaries	500		500	500	
Total School - Sponsored Co curricular Activities - Instruction	500		500	500	
Total Instruction	759,477	(22,699)	736,778	723,578	13,200
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEA's within State-Regular	352,189	(1,800)	350,389	335,123	15,266
Tuition - Other LEA's within State-Special	45,002		45,002	41,360	3,642
Tuition - CSSD & Regional Day Schools	49,469	12,370	61,839	60,553	1,286
Tuition - Private Schools for Disabled within State		2,800	2,800		2,800
Total Undistributed Expenditures - Instruction	446,660	13,370	460,030	437,036	22,994
Attendance and Social Work Services					
Salaries	21,130		21,130	21,069	61
Purchased Professional and Technical Services	2,063		2,063	546	1,517
Total Attendance and Social Work Services	23,193		23,193	21,615	1,578
Health Services:					
Salaries	47,765	(100)	47,665	47,665	
Purchased Professional and Technical Services	500		500	500	
Other Purchased Services	200	50	250	230	20
Supplies and Materials	750	50	800	792	8
Total Health Services	49,215		49,215	49,187	28
Other Support Services- Student- Related Services					
Purchased Professional- Educational Services	15,825	3,650	19,475	18,695	780
Supplies and Materials	300	(300)			
Total Undist. Expend.- Other Supp Serv Student- Related Services	16,125	3,350	19,475	18,695	780

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
EXPENDITURES: CURRENT EXPENSES (Continued)					
Undistributed Expenditures: (Continued)					
Special Education - Extraordinary Services:					
Salaries	\$	\$ 16,795	\$ 16,795	\$ 16,791	\$ 4
Purchased Professional - Educational Services		3,900	3,900	3,900	
Supplies and Materials		50	50		50
Total Undist. Expend. - Other Supp. Serv. - Extra. Services		20,745	20,745	20,691	54
Other Support Services - Students - Regular:					
Other Purchased Professional and Technical Services	1,000	(1,000)			
Supplies and Materials	850	(850)			
Total Other Support Services - Students - Regular	1,850	(1,850)			
Other Support Services - Students - Special					
Salaries of Secretarial and Clerical Assistants	8,911		8,911	8,911	
Purchased Professional - Educational Services	22,822	(130)	22,692	22,277	415
Other Purchased Professional & Technical Services	500	300	800	800	
Supplies and Materials	300	(300)			
Total Support Services - Students - Special	32,533	(130)	32,403	31,988	415
Improvement of Instruction Services/Other Support:					
Salaries of Secretarial and Clerical Assistants	500		500		500
Purchased Professional - Educational Services					
Supplies & Materials	150		150		150
Total Improvement of Instruction Services/Other Support	650		650		650
Educational Media Services - School Library					
Salaries	5,000		5,000	5,000	
Purchased Professional & Technical Services	550		550	482	68
Total Educational Media Services - School Library:	5,550		5,550	5,482	68
Instructional Staff Training Services:					
Salaries of Secretarial and Clerical Assistants	250		250		250
Purchased Professional - Educational Services	750	950	1,700	1,668	32
Other Purchased Services	500	750	1,250	954	296
Supplies and Materials	125		125		125
Total Instructional Staff Training Services	1,625	1,700	3,325	2,622	703

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Undistributed Expenditures: (Continued)					
Support Services General Administration:					
Salaries	\$ 46,881	\$	\$ 46,881	\$ 45,958	\$ 923
Legal Services	2,500		2,500	814	1,686
Audit Fees	9,564		9,564	9,286	278
Other Purchased Professional Services	1,000	1,800	2,800	2,280	520
Communications - Telephone	4,950		4,950	4,881	69
BOE Other Purchased Services	2,950	(2,360)	590	558	32
Other Purchased Services	7,592	910	8,502	7,559	943
General Supplies	1,050		1,050	270	780
BOE In-House Training/Meeting Supplies	250	(250)			
Miscellaneous Expenditures	1,375		1,375	1,374	1
BOE Membership Dues and Fees	1,875	(300)	1,575	1,563	12
Total Support Services General Administration	79,987	(200)	79,787	74,543	5,244
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	35,746		35,746	35,746	
Salaries of Secretarial and Clerical Assistants	8,911		8,911	8,911	
Other Purchased Services	350		350		350
Supplies and Materials	500		500	48	452
Total Support Services School Administration	45,507		45,507	44,705	802
Central Services:					
Purchased Professional Services	19,000		19,000	19,000	
Purchased Technical Services	6,519		6,519	6,466	53
Supplies and Materials	500		500	182	318
Miscellaneous Expenditures	75		75		75
Total Central Services	26,094		26,094	25,648	446
Administrative Information Technology:					
Purchased Professional Services					
Other Purchased Services					
Total Administrative Information Technology					
Required Maintenance for School Facilities:					
Increase in Maintenance Reserve		120,000	120,000		120,000
Salaries	6,466		6,466	6,216	250
Cleaning, Repair and Maintenance Services	13,500		13,500	9,122	4,378
General Supplies	2,000		2,000	707	1,293
Other Objects	500		500		500
Total Required Maintenance for School Facilities	22,466	120,000	142,466	16,045	126,421

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Undistributed Expenditures: (Continued)					
Other Operation and Maintenance of Plant Services:					
Salaries	\$ 25,426	\$ (2,700)	\$ 22,726	\$ 21,826	\$ 900
Salaries of Non-Instructional Aides		2,200	2,200	2,200	
Purchased Professional and Technical Services	14,200	1,000	15,200	14,817	383
Cleaning, Repair and Maintenance Services	16,875	(3,000)	13,875	13,014	861
Insurance	6,170	(225)	5,945	5,932	13
Miscellaneous Purchased Services	100	225	325	79	246
General Supplies	10,500	(1,050)	9,450	6,731	2,719
Energy (Heat and Electricity)	13,000		13,000	10,776	2,224
Energy (Oil)	14,500	550	15,050	15,021	29
Total Other Operation and Maintenance of Plant Services	100,771	(3,000)	97,771	90,396	7,375
Total Operation and Maintenance of Plant Services	123,237	117,000	240,237	106,441	133,796
Student Transportation Services:					
Salaries for Pupil Trans (Between Home and School) - Sp. Ed.	4,455		4,455	4,455	
Other Purchased Professional and Technical Services	9,500		9,500	9,500	
Contracted Services (Between Home and School) - Vendors	53,765	(3,050)	50,715	49,707	1,008
Contracted Services (Other than Betw. Home and Sch) - Vende	3,000		3,000	2,370	630
Contracted Services (Regular Students) - ESCs & CTSA's	20,100	4,800	24,900	24,156	744
Contracted Services (Special Ed. Students) - ESCs & CTSA's	53,400	(11,270)	42,130	25,903	16,227
Contracted Services - Aid in Lieu of Payments - Non Pub Sch	3,536	(850)	2,686	2,652	34
Total Student Transportation Services	147,756	(10,370)	137,386	118,743	18,643
Unallocated Benefits:					
Social Security Contributions	9,374	750	10,124	10,080	44
Other Retirement Contributions - Regular	13,000		13,000	10,968	2,032
Unemployment Compensation	2,400	(750)	1,650		1,650
Workmen's Compensation	10,674		10,674	8,618	2,056
Health Benefits	160,900		160,900	146,925	13,975
Tuition Reimbursement	4,000	(1,000)	3,000		3,000
Other Employee Benefits	1,100	1,000	2,100	2,000	100
Total Unallocated Benefits / Total Personal Services - Employee Benefits	201,448		201,448	178,591	22,857
On-behalf TPAF Post - Retire Medical (Non-budgeted)				49,871	(49,871)
On-behalf TPAF Pension Contributions (Non-budgeted)				24,808	(24,808)
Reimbursement TPAF Social Security Contrib. (Non-Budgeted)				59,691	(59,691)
Total Undistributed Expenditures	1,201,430	143,615	1,345,045	1,270,357	74,688
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ 1,960,907	\$ 120,916	\$ 2,081,823	\$ 1,993,935	\$ 87,888

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
CAPITAL OUTLAY:					
Undistributed Expenditures:					
Equipment:					
Instruction	\$	\$	\$	\$	\$
Total Equipment					
Facilities Acquisition & Construction Services:					
Other Purch. Professional and Technical Services		3,233	3,233		3,233
Total Facilities Acquisition & Construction Services:		3,233	3,233		3,233
TOTAL CAPITAL OUTLAY		3,233	3,233		3,233
TOTAL EXPENDITURES	1,960,907	124,149	2,085,056	1,993,935	91,121
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(139,100)	(123,560)	(262,660)	9,309	271,969
Other Financing Sources (Uses):					
Operating Transfer Out - Food Service Fund	(7,125)		(7,125)	(7,093)	32
Total Other Financing Sources (Uses)	(7,125)		(7,125)	(7,093)	32
Excess (Deficiency) of Revenues and Other					
Expenditures and Other Financing Uses	(146,225)	(123,560)	(269,785)	2,216	272,001
Fund Balances, July 1	605,198		605,198	605,198	
Fund Balances, June 30	\$ 458,973	\$ (123,560)	\$ 335,413	\$ 607,414	\$ 272,001
RECAPITULATION:					
Restricted Fund Balance:					
Excess Surplus				\$ 130,307	
Excess Surplus - Designated for Subsequent Year's Expenditures				139,068	
Maintenance Reserve				54,500	
Committed Fund Balance:					
Year-end Encumbrances				-	
Assigned					
Designated for Subsequent Year's Expenditures				32,904	
Unassigned				250,635	
TOTAL				607,414	
Reconciliation to Governmental Fund Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(42,452)	
TOTAL				\$ 564,962	

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
EDUCATION JOBS FUND PROGRAM SUPPLEMENTARY SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
EDUCATION JOBS FUND PROGRAM					
Regular Programs - Instruction					
Salaries of Teachers	\$ 18,788	\$ 589	\$ 19,377	\$ 19,377	\$
Total Regular Programs - Instruction	18,788	589	19,377	19,377	
Total General Current Expense - Fund 18	\$ 18,788	\$ 589	\$ 19,377	\$ 19,377	\$

EXHIBIT C-2

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
BUDGET COMPARISON SCHEDULE - SPECIAL REVENUE FUND
AS OF JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
State Sources	\$	\$	\$	\$	\$
Federal Sources	68,176	11,333	79,509	79,509	
Other	2,282		2,282	2,282	
Total Revenues	70,458	11,333	81,791	81,791	
EXPENDITURES:					
Instruction					
Salaries of Teachers	13,508	1,635	15,143	15,143	
Salary - Substitutes		1,500	1,500	1,500	
Purchased Services - Other (400-500 series)	34,132	(4,098)	30,034	30,034	
Supplies & Materials		1,000	1,000	1,000	
General Supplies	17,974	1,225	19,199	19,199	
Total Instruction	65,614	1,262	66,876	66,876	
Support Services					
Employee Benefits		3,029	3,029	3,029	
Purchased Professional - Technical Services		8,100	8,100	8,100	
Other Purchased Services	2,562	(1,058)	1,504	1,504	
Supplies and Materials	2,282.00		2,282	2,282	
Total Support Services	4,844	10,071	14,915	14,915	
Total Expenditures	70,458	11,333	81,791	81,791	
Other Financing Sources (Uses)					
Total Outflows	70,458		81,791	81,791	
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$	\$	\$	\$	\$

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET-TO-GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

	General Fund		Special Revenue Fund	
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 2,003,244	[C-2]	\$ 81,791
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.		29,013		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(42,452)		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 1,989,805	[B-2]	\$ 81,791
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 1,993,935	[C-2]	\$ 81,791
Differences - budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.				
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.				
Net transfers (outflows) to general fund				
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 1,993,935	[B-2]	\$ 81,791

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

EXHIBIT E-1
(1)

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>NCLB</u>				
	<u>Title I</u> <u>(Chap I)</u> <u>Part A</u>	<u>Title II A</u> <u>2011-12</u>	<u>I.D.E.A.</u> <u>Part - B</u> <u>Basic</u>	<u>Sub-Total</u> <u>Per</u> <u>E-1a</u>	<u>Totals</u> <u>2012</u>
REVENUES:					
State Sources	\$	\$	\$	\$	\$
Federal Sources	19,172	3,004	37,489	19,844	79,509
Other				2,282	2,282
Total Revenues	19,172	3,004	37,489	22,126	81,791
EXPENDITURES:					
Instruction:					
Salaries of Teachers	15,143				15,143
Salaries of Substitutes		1,500			1,500
Other - Purchased Services			29,389	645	30,034
Supplies and Materials	1,000				1,000
General Supplies				19,199	19,199
Total Instruction	16,143	1,500	29,389	19,844	66,876
Support Services:					
Employee Benefits	3,029				3,029
Purchased Prof. & Technical Serv.			8,100		8,100
Other Purchased Services		1,504			1,504
Materials and Supplies				2,282	2,282
Total Support Services	3,029	1,504	8,100	2,282	14,915
Total Expenditures	\$ 19,172	\$ 3,004	\$ 37,489	\$ 22,126	\$ 81,791

EXHIBIT E-1
(2)

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>I.D.E.A.</u> <u>Preschool</u>	<u>REAP</u>	<u>NJBAIG</u> <u>Gant</u>	<u>Totals</u> <u>2012</u>
REVENUES:				
State Sources	\$	\$	\$	\$
Federal Sources	645	19,199		19,844
Other			2,282	2,282
Total Revenues	<u>645</u>	<u>19,199</u>	<u>2,282</u>	<u>22,126</u>
EXPENDITURES:				
Instruction:				
Other Purchased Services	645			645
General Supplies		19,199		19,199
Total Instruction	<u>645</u>	<u>19,199</u>		<u>19,844</u>
Support:				
Supplies and Materials			2,282	2,282
Total Support			<u>2,282</u>	<u>2,282</u>
Total Expenditures	<u>\$ 645</u>	<u>\$ 19,199</u>	<u>\$ 2,282</u>	<u>\$ 22,126</u>

CAPITAL PROJECTS FUND DETAIL STATEMENT

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services for the schools within the school district.

Internal Service Funds – This fund is used to serve organizational units within the district or to serve other governmental units.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5
AND B-6.**

EXHIBIT G-1

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012 AND 2011

	Food Service Enterprise Fund	Totals	
		2012	2011
ASSETS:			
Current Assets:			
Cash	\$ 2,849	\$ 2,849	\$ 4,063
Accounts Receivable:			
State	10	10	
Federal	429	429	
Total Current Assets	<u>3,288</u>	<u>3,288</u>	<u>4,063</u>
Fixed Assets:			
Equipment	2,832	2,832	2,832
Accumulated Depreciation	(2,738)	(2,738)	(2,549)
Total Fixed Assets	<u>94</u>	<u>94</u>	<u>283</u>
Total Assets	<u><u>\$ 3,382</u></u>	<u><u>\$ 3,382</u></u>	<u><u>\$ 4,346</u></u>
LIABILITIES AND FUND EQUITY:			
Due to General Fund	\$	\$	\$
Net Assets:			
Investment in Fixed Assets	94	94	283
Net Assets	<u>3,288</u>	<u>3,288</u>	<u>4,063</u>
Total Net Assets	<u>3,382</u>	<u>3,382</u>	<u>4,346</u>
Total Liabilities and Fund Equity	<u><u>\$ 3,382</u></u>	<u><u>\$ 3,382</u></u>	<u><u>\$ 4,346</u></u>

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	<u>Food Service Enterprise Fund</u>	<u>Totals</u>	
		<u>2012</u>	<u>2011</u>
OPERATING REVENUES:			
Local Sources:			
Daily Sales			
Reimbursable Programs	\$ 8,033	\$ 8,033	\$ 8,414
Non-Reimbursable Sales	5,751	5,751	5,871
	<hr/>	<hr/>	<hr/>
Total Operating Revenue	13,784	13,784	14,285
	<hr/>	<hr/>	<hr/>
OPERATING EXPENSES:			
Salaries	8,895	8,895	8,777
Depreciation	189	189	189
Other Costs	1,848	1,848	1,093
Cost of Sales	27,924	27,924	23,200
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	38,856	38,856	33,259
	<hr/>	<hr/>	<hr/>
Operating Loss	(25,072)	(25,072)	(18,974)
	<hr/>	<hr/>	<hr/>
Non-Operating Revenues:			
State Sources:			
State School Lunch Program	342	342	276
Federal Sources:			
National School Lunch Program	12,015	12,015	9,259
National School Breakfast Program	3,007	3,007	3,206
Food Distribution Program	1,651	1,651	785
	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenues	17,015	17,015	13,526
	<hr/>	<hr/>	<hr/>
Net (Loss) Income before Operating Transfers	(8,057)	(8,057)	(5,448)
	<hr/>	<hr/>	<hr/>
Operating Transfer In - General Fund	7,093	7,093	6,093
	<hr/>	<hr/>	<hr/>
Net (Loss) Income	(964)	(964)	645
	<hr/>	<hr/>	<hr/>
Net Assets - July 1	4,346	4,346	3,701
	<hr/>	<hr/>	<hr/>
Net Assets - June 30	\$ 3,382	\$ 3,382	\$ 4,346
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

EXHIBIT G-3

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMBINING STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2012 AND 2011

	<u>Food Service Enterprise Fund</u>	<u>Totals</u>	
		<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:			
Operating Income (Loss)	\$ (25,072)	\$ (25,072)	\$ (18,974)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:			
Depreciation	189	189	189
Change in Assets and Liabilities:			
Decrease/(Increase) in Accounts Receivable	(439)	(439)	826
Increase/(Decrease) in Interfund Payable	0	0	
Net Cash Used by Operating Activities	<u>(25,322)</u>	<u>(25,322)</u>	<u>(17,959)</u>
Cash Flows from Noncapital Financing Activities			
Operating Transfer In-General Fund	7,093	7,093	6,093
Cash Received from State and Federal Reimbursements	17,015	17,015	13,526
Net Cash Provided by Noncapital Financing Activities	<u>24,108</u>	<u>24,108</u>	<u>19,619</u>
Cash Flows from Investing Activities			
Interest on Investments			
Net Cash Provided by Investing Activities			
Net Increase (Decrease) in Cash	(1,214)	(1,214)	1,660
Cash and Cash Equivalents, July 1	<u>4,063</u>	<u>4,063</u>	<u>2,403</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 2,849</u></u>	<u><u>\$ 2,849</u></u>	<u><u>\$ 4,063</u></u>

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Cash and Cash Equivalents	\$ 10,314	\$ 4,814
Intergovernmental Accounts Receivable		
Total Assets	<u>\$ 10,314</u>	<u>\$ 4,814</u>
LIABILITIES:		
Deferred Revenues	\$ 10,314	4,814
Total Liabilities	<u>\$ 10,314</u>	<u>\$ 4,814</u>

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES:		
Custodial Services		
LEAs Within the State	\$ 63,959	\$ 49,994
Total Operating Revenue	<u>63,959</u>	<u>49,994</u>
OPERATING EXPENSES:		
Salaries	54,722	43,729
Employee Benefits	9,237	6,265
Total Operating Expenses	<u>63,959</u>	<u>49,994</u>
Net Income (Loss)	<u>0</u>	<u>0</u>
Net Assets - July 1	<u>0</u>	<u>0</u>
Net Assets - June 30	<u>\$ 0</u>	<u>\$ 0</u>

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$	\$
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities		
Change in Assets and Liabilities		
(Increase)/Decrease in Intergovernmental Accounts Receivable		
Increase/(Decrease) in Deferred Revenue	5,500	4,814
Net Cash Provided (Used) by Operating Activities	<u>5,500</u>	<u>4,814</u>
Cash Flows from Non-capital Financing Activities:		
Cash Received from State & Federal Reimbursements		
Net Cash Provided by Non-capital Financing Activities		
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets		
Net Cash Used for Capital and Related Financing Activities		
Net Increase in Cash and Cash Equivalents	<u>5,500</u>	<u>4,814</u>
Cash and Cash Equivalents, July 1	<u>4,814</u>	
Cash and Cash Equivalents, June 30	<u>\$ 10,314</u>	<u>\$ 4,814</u>

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

ELSINBORO TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	Unemployment Compensation Expendable Trust		Agency		Total	
			Student Activity	Payroll	2012	2011
ASSETS:						
Cash and Cash Equivalents	\$	7,933	\$	10,607	\$	18,540
Due from Employees				-	\$	15,611
Total Assets		7,933		10,607		18,540
				-		9,710
LIABILITIES:						
Liabilities:						
Interfund Payable						
Due to Student Groups			10,607		10,607	13,542
Total Liabilities			10,607		10,607	13,542
NET ASSETS:						
Held in Trust for Unemployment						
Claims and Other Purposes	\$	7,933	\$	-	\$	7,933
				-	\$	6,815

EL SINBORO TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

ADDITIONS:

Contributions	
Plan Member	\$ 1,121
	<hr/>
Total Contributions	1,121
	<hr/>
Investment Earnings	
Interest	18
	<hr/>
Net Investment Earnings	18
	<hr/>
Total Additions	1,139
	<hr/>

DEDUCTIONS:

Quarterly Contribution Reports	
Unemployment Claims	21
	<hr/>
Total Deductions	21
	<hr/>
Change in Net Assets	1,118
	<hr/>
Net Assets - July 1, 2011	6,815
	<hr/>
Net Assets - June 30, 2012	\$ 7,933
	<hr/> <hr/>

ELSINBORO TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Cash Receipts	Cash Disbursements	Accounts Payable	Balance June 30, 2012
ELEMENTARY SCHOOL	\$ 13,542	\$ 8,906	\$ 11,841	\$	\$ 10,607

Analysis of June 30, 2012:

8th Grade Carryover	\$ 5,103
Class of 2012	1,244
Class of 2013	1,105
Class of 2014	1,918
Yerkes Donation	90
Miscellaneous	1,147
Total Elementary Schools	\$ 10,607

ELSINBORO TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
ASSETS:				
Cash and Cash Equivalents	\$	\$ 1,059,500	\$ 1,059,500	\$
	\$	\$ 1,059,500	\$ 1,059,500	\$
LIABILITIES:				
Interfund Payable	\$	\$	\$	\$
Payroll Deductions and Withholdings		1,059,500	1,059,500	
Total Liabilities and Reserves	\$	\$ 1,059,500	\$ 1,059,500	\$

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

EXHIBIT I-1

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2012

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance		Balance
			Date	Amount		July 1, 2011	Retired	
Various Improvements	8-18-93	\$62,500	7/15/12-13	\$3,289	1.50%	\$ 9,877	\$ 3,289	\$ 6,588
Various Improvements	8-18-93	187,500	7/15/12	13,300	5.29%	39,917	12,733	27,184
			7/15/13	13,892				

ELSINBORO TOWNSHIP BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 11,986	\$	\$ 11,986	\$ 11,986	\$
State Sources:					
Debt Service Aid Type II	5,934		5,934	5,934	
TOTAL REVENUES	17,920		17,920	17,920	
EXPENDITURES:					
Regular Debt Service					
Interest	1,898		1,898	1,898	
Redemption of Principal	16,022		16,022	16,022	
Total Regular Debt Service	17,920		17,920	17,920	
Excess (Deficiency) of Revenues Over (Under) Expenditures					
Other Financing Sources (Uses) Operating Transfers In					
Excess (Deficiency) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Sources					
Fund Balance, July 1					
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

STATISTICAL SECTION

EL SINBORO TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities									
Invested in Capital Assets, Net of Related Debt	\$ 111,490	\$ 97,439	\$ 80,402	\$ 69,310	\$ 103,873	\$ 106,103	\$ 107,960	\$ 118,232	\$ 116,109
Restricted	164,143	206,807	275,844	192,268	345,383	509,883	365,507	200,775	226,472
Unrestricted	154,844	81,017	111,942	255,153	250,841	195,007	227,378	350,774	314,586
Total Governmental Activities Net Assets	\$ 430,477	\$ 385,263	\$ 468,188	\$ 516,731	\$ 700,097	\$ 810,993	\$ 700,845	\$ 669,781	\$ 657,167
Business-Type Activities									
Invested in Capital Assets, Net of Related Debt	\$ 1,652	\$ 1,416	\$ 1,180	\$ 944	\$ 708	\$ 661	\$ 472	\$ 283	\$ 94
Unrestricted	(1,148)	851	(34)	277	1,974	225	3,229	4,063	3,288
Total Business-Type Activities Net Assets	\$ 504	\$ 2,267	\$ 1,146	\$ 1,221	\$ 2,682	\$ 886	\$ 3,701	\$ 4,346	\$ 3,382
District-Wide									
Invested in Capital Assets, Net of Related Debt	\$ 113,142	\$ 98,855	\$ 81,582	\$ 70,254	\$ 104,581	\$ 106,764	\$ 108,432	\$ 118,515	\$ 116,203
Restricted	164,143	206,807	275,844	192,268	345,383	509,883	365,507	200,775	226,472
Unrestricted	153,696	81,868	111,908	255,430	252,815	195,232	230,607	354,837	317,874
Total District-Wide Net Assets	\$ 430,981	\$ 387,530	\$ 469,334	\$ 517,952	\$ 702,779	\$ 811,879	\$ 704,546	\$ 674,127	\$ 660,549

Source: CAFR Schedule A-1

ELSINBORO TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental Activities									
Instruction									
Regular	\$ 503,840	\$ 637,281	\$ 593,378	\$ 626,855	\$ 648,155	\$ 655,082	\$ 760,235	\$ 714,192	\$ 706,745
Special Education	20,449	35,668	29,487	16,794	42,031	45,002	46,266	44,570	44,730
Other Special Instruction	150		175	150		36,142	34,793	38,987	38,979
Support Services									
Tuition	421,226	449,048	410,017	417,214	350,477	358,743	359,294	411,089	437,036
Student and Instruction Related Services	45,100	140,351	170,913	134,980	120,038	165,439	176,957	231,960	226,125
General and Business Administrative Services	194,907	250,951	59,384	74,017	75,297	77,098	73,807	75,596	74,543
School Administrative Services	85,445	84,600	39,504	48,818	42,956	43,272	42,836	44,103	44,705
Central Services and Information Technology					19,207	16,797	24,336	25,513	25,648
Plant Operations and Maintenance	86,202	100,370	99,815	122,996	126,837	149,472	113,968	113,117	106,441
Pupil Transportation	149,037	147,289	146,309	181,470	163,682	134,538	156,126	111,446	118,743
Employee Benefits	192,543	59,341	228,257	281,666	278,750	220,197	258,382	286,510	315,590
Interest on Long-Term Debt	8,677	2,881	8,285	4,910	4,289	3,649	2,982	2,291	1,566
Unallocated Depreciation and Amortization	30,270	30,270	30,270	13,768	12,880	15,714	16,682	15,992	18,145
Total Governmental Activities Expenses	1,737,846	1,938,050	1,815,794	1,923,638	1,884,599	1,921,145	2,066,664	2,115,366	2,158,996
Business-Type Activities									
Food Service	21,132	18,780	30,350	47,636	45,797	39,632	30,341	33,259	38,856
Total Business-Type Activities Expense	21,132	18,780	30,350	47,636	45,797	39,632	30,341	33,259	38,856
Total District Expenses	\$ 1,758,978	\$ 1,956,830	\$ 1,846,144	\$ 1,971,274	\$ 1,930,396	\$ 1,960,777	\$ 2,097,005	\$ 2,148,625	\$ 2,197,852
Program Revenues									
Governmental Activities									
Operating Grants and Contributions	\$ 60,709	\$ 81,393	\$ 152,461	\$ 210,788	\$ 241,128	\$ 158,681	\$ 210,869	\$ 206,325	\$ 216,161
Charges for Services								49,994	63,959
Total Governmental Activities Program Revenues	60,709	81,393	152,461	210,788	241,128	158,681	210,869	256,319	280,120
Business-Type Activities									
Charges for Services									
Food Service	11,372	9,621	13,059	14,133	15,452	14,634	13,334	14,285	13,784
Operating Grants and Contributions	5,603	7,547	11,165	14,591	12,923	12,996	11,742	13,526	17,015
Total Business-Type Activities Program Revenues	16,975	17,168	24,224	28,724	28,375	27,630	25,076	27,811	30,799
Total District Program Revenues	\$ 77,684	\$ 98,561	\$ 176,685	\$ 239,512	\$ 269,503	\$ 186,311	\$ 235,945	\$ 284,130	\$ 310,919
Net (Expense)/Revenue									
Governmental Activities	\$ (1,677,137)	\$ (1,856,657)	\$ (1,663,333)	\$ (1,712,850)	\$ (1,643,471)	\$ (1,762,464)	\$ (1,855,795)	\$ (1,859,047)	\$ (1,878,876)
Business-Type Activities	(4,157)	(1,612)	(6,126)	(18,912)	(17,422)	(12,002)	(5,265)	(5,448)	(8,057)
Total District-Wide Net Expense	\$ (1,681,294)	\$ (1,858,269)	\$ (1,669,459)	\$ (1,731,762)	\$ (1,660,893)	\$ (1,774,466)	\$ (1,861,060)	\$ (1,864,495)	\$ (1,886,933)
General Revenues and Other Changes in Net Assets									
Governmental Activities									
Property Taxes Levied for General Purposes, Net	\$ 1,140,650	\$ 1,135,510	\$ 1,151,525	\$ 1,190,351	\$ 1,237,100	\$ 1,261,500	\$ 1,261,500	\$ 1,261,500	\$ 1,286,730
Taxes Levied for Debt Service	11,827	11,714	5,255	11,496	11,387	11,281	11,163	12,110	11,986
Unrestricted Grants and Contributions	653,251	633,556	538,202	540,466	555,119	581,090	436,927	494,876	514,073
Tuition Received	18,759	24,877	35,051	26,247	27,531	20,720	27,941	32,207	39,039
Investment Earnings	3,217	9,117	14,925	20,943	13,780	8,280	7,816	10,827	6,664
Miscellaneous Income	3,479	44	6,300	1,849	803	695	5,489	22,556	14,863
Prior Year Fixed Asset Adjustment				(10,972)			2,891		
Transfers	(2,800)	(3,375)	(5,000)	(18,987)	(18,883)	(10,206)	(8,080)	(6,093)	(7,093)
Total Governmental Activities	1,828,383	1,811,443	1,746,258	1,761,393	1,826,837	1,873,360	1,745,647	1,827,983	1,866,262
Business-Type Activities									
Transfer	2,800	3,375	5,005	18,987	18,883	10,206	8,080	6,093	7,093
Total Business-Type Activities	2,800	3,375	5,005	18,987	18,883	10,206	8,080	6,093	7,093
Total District-Wide	\$ 1,831,183	\$ 1,814,818	\$ 1,751,263	\$ 1,780,380	\$ 1,845,720	\$ 1,883,566	\$ 1,753,727	\$ 1,834,076	\$ 1,873,355
Change in Net Assets									
Governmental Activities	\$ 151,246	\$ (45,214)	\$ 82,925	\$ 48,543	\$ 183,366	\$ 110,896	\$ (110,148)	\$ (31,064)	\$ (12,614)
Business-Type Activities	(1,357)	1,763	(1,121)	75	1,461	(1,796)	2,815	645	(964)
Total District-Wide	\$ 149,889	\$ (43,451)	\$ 81,804	\$ 48,618	\$ 184,827	\$ 109,100	\$ (107,333)	\$ (30,419)	\$ (13,578)

ELSINBORO TOWNSHIP SCHOOL DISTRICT
FUND BALANCES-GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund									
Reserved	\$ 230,400	\$ 196,412	\$ 275,843	\$ 222,268	\$ 302,688	\$ 514,258	\$ 381,905	\$ 343,353	\$ 356,779
Unreserved	107,870	99,725	129,291	242,452	311,171	207,290	228,732	232,832	208,183
Total General Fund	<u>\$ 338,270</u>	<u>\$ 296,137</u>	<u>\$ 405,134</u>	<u>\$ 464,720</u>	<u>\$ 613,859</u>	<u>\$ 721,548</u>	<u>\$ 610,637</u>	<u>\$ 576,185</u>	<u>\$ 564,962</u>
All Other Governmental Funds									
Reserved									
Unreserved, Reported in:									
Special Revenue Fund	\$ (60)	\$ (57)	\$ (60)	\$ (60)	\$ (682)	-	-	-	-
Debt Service Fund	2	10,395	1	1					
Total All Other Governmental Funds	<u>\$ (58)</u>	<u>\$ 10,338</u>	<u>\$ (59)</u>	<u>\$ (59)</u>	<u>\$ (682)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Source: CAFR Schedule B-1

EXHIBIT J-4

**ELSINBORO TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Tax Levy	\$ 1,057,989	\$ 1,152,477	\$ 1,147,224	\$ 1,156,780	\$ 1,201,847	\$ 1,248,487	\$ 1,272,781	\$ 1,272,663	\$ 1,273,610	\$ 1,298,716
Tuition Charges	27,595	18,759	24,877	35,051	26,247	27,531	20,720	27,941	32,207	39,039
Interest Earnings	4,051	3,217	9,117	14,925	20,943	13,780	8,280	7,816	10,827	6,664
Miscellaneous	3,164	3,479	44	6,300	4,849	5,303	1,695	5,489	22,556	14,863
State Sources	577,256	675,358	632,613	635,444	693,391	725,272	682,314	513,490	607,989	631,348
Federal Sources	35,157	38,602	75,396	55,219	54,863	66,475	56,457	134,306	93,212	98,886
Other Sources										
Total Revenues	1,705,212	1,891,892	1,889,271	1,903,719	2,002,140	2,086,848	2,042,247	1,961,705	2,040,401	2,089,516
Expenditures										
Instruction										
Regular Instruction	558,604	503,840	637,855	597,254	626,855	648,155	655,082	760,235	714,192	706,745
Special Education Instruction	17,110	20,449	35,668	29,487	16,794	42,031	45,002	46,266	44,570	44,730
Other Special Instruction	1,025	150		175	150		36,142	34,793	38,987	38,979
Support Services										
Tuition	468,961	421,226	449,048	410,017	417,214	350,477	358,743	359,294	411,089	437,036
Student and Instruction Related Services	147,180	45,100	140,351	170,913	134,980	120,038	165,439	176,957	181,966	162,166
General Administrative Services	83,568	194,907	81,214	59,384	74,017	75,297	77,098	73,807	75,596	74,543
School Administrative Services	84,878	85,445	84,600	39,504	48,818	42,956	43,272	42,836	44,103	44,705
Central Services and Information Technology	45,178	51,250	59,341	41,090	15,742	19,207	16,797	24,336	25,513	25,648
Plant Operations and Maintenance	89,555	86,202	100,370	99,815	122,996	126,837	149,472	113,968	113,117	106,441
Pupil Transportation	124,456	149,037	147,289	146,309	181,470	163,682	134,538	156,126	111,446	118,743
Employee Benefits	126,782	141,293	169,737	187,167	265,699	278,750	219,547	257,632	279,310	315,990
Lease Purchase Interest		1,795								
Capital Outlay	5,866	13,607	3,363			33,364	4,059		10,767	
Debt Service										
Principal	12,137	12,492	5,916	13,233	13,648	14,079	14,535	14,998	15,497	16,022
Interest and Other Charges	7,408	6,882	2,881	5,771	5,184	4,576	3,944	3,288	2,607	1,898
Total Expenditures	1,772,708	1,733,675	1,917,633	1,800,119	1,923,567	1,919,449	1,923,670	2,064,536	2,068,760	2,093,646
Excess (Deficiency) of Revenues Over (Under) Expenditures	(67,496)	158,217	(28,362)	103,600	78,573	167,399	118,577	(102,831)	(28,359)	(4,130)
Other Financing Sources (Uses)										
Capital Lease										
Transfers	(4,496)	(2,800)	(3,375)	(5,000)	(18,987)	(18,883)	(10,206)	(8,080)	(6,093)	(7,093)
Total Other Financing Sources (Uses)	(4,496)	(2,800)	(3,375)	(5,000)	(18,987)	(18,883)	(10,206)	(8,080)	(6,093)	(7,093)
Net Change in Fund Balances	\$ (71,992)	\$ 155,417	\$ (31,737)	\$ 98,600	\$ 59,586	\$ 148,516	\$ 108,371	\$ (110,911)	\$ (34,452)	\$ (11,223)
Debt Service as a Percentage of Noncapital Expenditures	1.11%	1.13%	0.46%	1.06%	0.98%	0.99%	0.96%	0.89%	0.88%	0.86%

Source: CAFR Schedule B-2

EXHIBIT J-5

ELSINBORO TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Tuition</u>	<u>Interest</u>	<u>Shared</u> <u>Transportation</u>	<u>Local</u> <u>Grant</u>	<u>Prior Year</u> <u>Insurance</u> <u>Refund</u>	<u>Refund of</u> <u>Prior Year</u> <u>Expenditure</u>	<u>Misc.</u>	<u>Total</u>
2012	\$ 39,039	\$ 6,664	\$ 2,160				\$ 10,421	\$ 58,284
2011	32,207	10,827					20,247	63,281
2010	27,941	7,816					2,256	38,013
2009	20,720	8,280					695	29,695
2008				4,500			803	5,303
2007				3,000			1,849	4,849
2006							6,300	6,300
2005							44	44
2004					1,984	550	945	3,479
2003					2,210	948	6	3,164

Source: District Records

EXHIBIT J-6

EL SINBORO TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2012	\$ 3,262,600	\$ 101,665,400	\$ 10,239,200	\$ 1,475,100	\$ 3,701,300		\$	\$ 120,343,600	\$ 222,960	\$ 120,566,560	1.099	\$ 112,041,337
2011	3,757,100	101,969,700	10,239,200	1,410,100	4,901,300			122,277,400	258,285	122,535,685	1.081	113,577,373
2010	3,896,300	101,992,900	10,159,100	1,401,900	4,901,100			122,351,300	285,651	122,636,951	1.039	119,200,000 *
2009	4,083,100	99,961,600	11,046,100	1,422,500	4,901,100			121,414,400	293,398	121,707,798	1.046	119,019,194
2008	4,249,400	100,235,200	11,159,000	1,391,400	4,901,100			121,936,100	269,601	122,205,701	1.042	104,337,422
2007	1,458,000	47,158,400	5,420,400	1,004,200	2,656,100			57,697,100	151,245	57,848,345	2.137	102,505,541
2006	1,560,400	46,316,300	5,375,900	1,017,600	2,713,500			56,983,700	172,013	57,155,713	2.148	81,683,898
2005	1,518,900	46,421,700	5,191,400	1,019,300	2,713,500			56,864,800	204,215	57,069,015	1.999	81,027,073
2004	1,379,900	46,503,100	4,980,300	1,025,900	2,650,400			56,539,600	256,375	56,795,975	1.999	76,240,022
2003	1,416,900	46,058,100	5,125,500	1,027,700	2,621,300			56,249,500	253,469	56,502,969	2.017	70,834,278

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

* Estimate

EL SINBORO TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate Per \$100 of Assessed Value)

Year Ended June 30,	Elsinboro Township Board of Education			Overlapping Rates		Total
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Elsinboro Township	Salem County	
2012	1.089	0.010	1.099	0.299	0.879	2.277
2011	1.071	0.010	1.081	0.261	0.855	2.197
2010	1.029	0.010	1.039	0.242	0.814	2.095
2009	1.037	0.009	1.046	0.217	0.863	2.126
2008 *	1.032	0.010	1.042	0.198	0.792	2.032
2007	2.137	0.021	2.158	0.423	1.544	4.125
2006	2.148	0.010	2.158	0.359	1.427	3.944
2005	1.999	0.021	2.020	0.349	1.363	3.732
2004	1.999	0.021	2.020	0.315	1.253	3.588
2003	2.017	0.023	2.040	0.294	1.142	3.476

* First Year of Revaluation

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

ELSINBORO TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Taxpayer</u>	<u>2012</u>		<u>2003</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Country Club of Salem	\$		\$ 980,000	1.77%
R.F.I., Inc. A NJ Corp			496,300	0.90%
Taxpayer #1	1,100,000	0.91%	459,500	0.83%
Yrmanleen, LLC	675,000	0.56%		
Taxpayer #2	624,500	0.52%		
Taxpayer #3	552,100	0.46%	315,300	0.57%
Taxpayer #4	548,600	0.46%	300,000	0.54%
Taxpayer #5	506,700	0.42%	285,500	0.52%
Taxpayer #6	507,400	0.42%		
Taxpayer #7	497,800	0.41%		
Taxpayer #8	469,500	0.39%		
Taxpayer #9	448,800	0.37%	280,600	0.51%
Taxpayer #10			247,500	0.45%
Taxpayer #11			247,000	0.45%
Catalano Properties LLC			280,000	0.51%
Total	\$ 5,930,400	4.92%	\$ 3,891,700	7.05%

Source: District CAFR & Municipal Tax Assessor

EXHIBIT J-9

ELSINBORO TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year		Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
			Amount	% of Levy	
2012	\$	1,298,716	\$	1,298,716	100%
2011		1,273,610		1,273,610	100%
2010		1,272,663		1,272,663	100%
2009		1,272,781		1,272,781	100%
2008		1,248,487		1,248,487	100%
2007		1,201,847		1,201,847	100%
2006		1,156,780		1,156,780	100%
2005		1,147,224		1,147,224	100%
2004		1,152,477		1,152,477	100%
2003		1,057,989		1,057,989	100%

Source: District records including the Certificate and Report of School Taxes (A4F form)

ELSINBORO TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a		Per Capita ^a
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Income ^a		Per Capita ^a		
2012	\$ 33,772	\$	\$	\$	\$ 33,772	0.08%	\$	33	
2011	49,794				49,794	0.12%		48	
2010	65,291				65,291	0.15%		62	
2009	80,289				80,289	0.19%		76	
2008	94,824				94,824	0.24%		90	
2007	108,903				108,903	0.28%		103	
2006	122,551				122,551	0.33%		116	
2005	135,784				135,784	0.38%		128	
2004	148,640				148,640	0.42%		139	
2003	161,131	16,840			177,971	0.53%		166	

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

b Includes Early Retirement Incentive Plan (ERIP) refunding

EL SINBORO TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of	
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Actual Taxable Value ^a of Property	Per Capita ^b
2012	\$ 33,772	\$	\$ 33,772	0.03%	\$ 33
2011	49,794		49,794	0.04%	48
2010	65,291		65,291	0.05%	62
2009	80,289		80,289	0.08%	76
2008	94,824		94,824	0.09%	90
2007	108,903		108,903	0.13%	103
2006	122,551		122,551	0.15%	116
2005	135,784		135,784	0.18%	128
2004	148,640		148,640	0.21%	139
2003	161,131		161,131	0.25%	150

* Estimate

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a) See Exhibit NJ J-6 for property tax data.

b) Population data can be found in Exhibit NJ J-14.

If a district has resources that are restricted to repaying the principal of debt outstanding, these amounts should be shown in a separate column "Deductions" and be subtracted from the total, and the schedule should be named ratios of net general bonded debt outstanding.

ELSINBORO TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2012

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Elsinboro Township	\$ -	100%	\$ -
Other debt			
Salem County - Township's Share	46,515,464	2.02%	938,103
Subtotal, Overlapping Debt			938,103
Elsinboro Township School District Direct Debt			33,772
Total Direct and Overlapping Debt			<u>\$ 971,875</u>

Sources: Elsinboro Township Finance Officer and Salem County Finance Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Elsinboro. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

- a) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

EL SINBORO TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2011

	Equalized Valuation Basis
	2011 \$ 113,841,728
	2010 113,584,154
	2009 111,768,756
	<u>[A] \$ 339,194,638</u>
Average Equalized Valuation of Taxable Property	[A/3] \$ 113,064,879
Debt Limit (3% of Average Equalization Value)	[B] 3,391,946 a
Net Bonded School Debt	[C] 33,772
Legal Debt Margin	<u>[B-C] \$ 3,358,174</u>

For Fiscal Year Ending

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 1,885,650	\$ 1,986,628	\$ 2,109,992	\$ 2,281,014	\$ 2,528,132	\$ 1,979,004	\$ 3,167,993	\$ 3,442,518	\$ 3,442,518	\$ 3,391,946
Total Net Debt Applicable to Limit	161,131	148,640	135,784	122,551	108,903	94,824	80,289	65,291	49,794	33,772
Legal Debt Margin	<u>\$ 1,724,519</u>	<u>\$ 1,837,988</u>	<u>\$ 1,974,208</u>	<u>\$ 2,158,463</u>	<u>\$ 2,419,229</u>	<u>\$ 1,884,180</u>	<u>\$ 3,087,704</u>	<u>\$ 3,377,227</u>	<u>\$ 3,392,724</u>	<u>\$ 3,358,174</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8.55%	7.48%	6.44%	5.37%	4.31%	4.79%	2.53%	1.90%	1.45%	1.00%

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

ELSINBORO TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year		Population ^a		Personal Income (thousands of dollars) ^b		Per Capita Personal Income ^c	Unemployment Rate ^d
2012	*	1,030	\$	42,964,413	\$	41,713	3.30%
2011		1,033		42,244,659		40,895	3.40%
2010		1,034		41,053,936		39,704	3.60%
2009		1,050		40,476,450		38,549	3.40%
2008		1,051		41,184,486		39,186	1.50%
2007		1,053		38,363,949		36,433	1.50%
2006		1,061		36,827,310		34,710	2.90%
2005		1,064		35,122,640		33,010	3.00%
2004		1,069		34,766,018		32,522	3.70%
2003		1,074		33,207,006		30,919	3.60%

*Estimate

Source:

^a For Salem County, Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income

^c Per Capita

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

N/A Not Available at time of Audit

EL SINBORO TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction										
Regular	14	13	10.2	9.6	9.6	10.1	10.6	10.6	10.6	11.6
Special Education	1	1	1	0.5	0.5	1	1	2	2	1
Other Special Education										
Vocational										
Other instruction										
Support Services:										
Tuition										
Student & Instruction Related Services	1	1	1	1	1	1	1	1	1	1
General Administrative Services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
School Administrative Services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Business Administrative Services								1	1	0.3
Plant Operations and Maintenance								1.0	1.0	1.0
Food Service										0.5
Total	17.0	16.0	13.2	12.1	12.1	13.1	13.6	16.6	16.6	16.4

Source: District Personnel Records

ELSINBORO TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2012	120	\$ 2,075,726	\$ 17,298	7.69%	12.6	8 : 1	99.1	94.6	2.38%	95.46%
2011	127	2,039,889	16,062	2.04%	11.6	9 : 1	96.8	92.4	-2.42%	95.45%
2010	130	2,046,250	15,740	13.43%	11.6	8 : 1	99.2	93.7	-1.49%	94.46%
2009	137	1,901,132	13,877	-17.52%	11.6	8 : 1	100.7	95.9	-5.62%	95.23%
2008	111	1,867,430	16,824	-1.95%	12	9 : 1	106.7	101.7	-2.73%	95.31%
2007	111	1,904,502	17,158	15.60%	10	11 : 1	109.7	104.8	-9.71%	95.53%
2006	120	1,781,115	14,843	-10.65%	10	13 : 1	121.5	116.0	7.00%	95.47%
2005	115	1,905,476	16,613	13.97%	14	9 : 1	113.0	108.6	-3.27%	96.11%
2004	117	1,701,039	14,576	6.86%	15	14 : 1	116.7	111.8	-8.90%	95.80%
2003	128	1,747,297	13,640	6.45%	15	14 : 1	128.1	121.7	0.87%	95.00%

Sources: District records

Note: Enrollment based on annual October district count.

Enrollment includes Salem High School enrollment of 20

- a) Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b) Teaching staff includes only full-time equivalents of certificated staff.
- c) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

ELSINBORO TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>District Building</u>										
<u>Elementary</u>										
Elsinboro Elementary (1951)										
Square Feet	17,548	17,548	17,548	17,548	17,548	17,548	17,548	17,548	17,548	17,548
Capacity (Students)	202	202	202	202	202	202	202	202	202	202
Enrollment	128	117	115	120	111	111	104	97	101	100

Number of Schools at June 30, 2012

 Elementary = 1

 Middle School = 0

 Other = 0

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of any additions. Enrollment is based on the annual October district count.

ELSINBORO TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Elsinboro Elementary	17,548	\$ 16,045	\$ 15,568	\$ 16,478	\$ 26,442	\$ 12,684	\$ 15,562	\$ 9,414	\$ 17,828	\$ 9,073	\$ 8,862
Total School Facilities		<u>16,045</u>	<u>15,568</u>	<u>16,478</u>	<u>26,442</u>	<u>12,684</u>	<u>15,562</u>	<u>9,414</u>	<u>17,828</u>	<u>9,073</u>	<u>8,862</u>
Other Facilities											
Grand Total		<u>\$ 16,045</u>	<u>\$ 15,568</u>	<u>\$ 16,478</u>	<u>\$ 26,442</u>	<u>\$ 12,684</u>	<u>\$ 15,562</u>	<u>\$ 9,414</u>	<u>\$ 17,828</u>	<u>\$ 9,073</u>	<u>\$ 8,862</u>

ELSINBORO TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
SAIF	Property Blanket Building & Contents	\$ 2,526,195	\$ 1,000
	Comprehensive General Liability		
	Personal and Advertising Injury	5,000,000	
	Bodily Injury and Property Damage	5,000,000	
	Products and Completed Operations	5,000,000	
	Commercial Excess	5,000,000	
	Comprehensive Automobile Liability	5,000,000	
	Comprehensive Crime Coverage	500,000	1,000
	Premises Pollution	1,000,000	10,000
	Board of Education Legal Liability	5,000,000	5,000
NJSBAIG	Workers Compensation	2,000,000	
National Union Fire Insurance Company	Compulsory Student Accident	25,000	
	Catastrophic Student Accident Coverage		
	Maximum Benefit per Participant	2,000,000	
	Cash Benefit - Maximum Benefit	500,000	
The Ohio Casualty Insurance Company	Treasurer's Bond	150,000	
	Business Administrator's Bond	50,000	

Source: District Records

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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September 19, 2012

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Honorable President and
Members of the Board of Education
Elsinboro Township School District
County of Salem, New Jersey 08079

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Elsinboro Township School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Board of Education of the Elsinboro Township School District's basic financial statements and have issued our report thereon dated September 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, and State of New Jersey.

Internal Control Over Financial Reporting

Management of the Board of Education of the Elsinboro Township School District, in the County of Salem, State of New Jersey, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Elsinboro Township Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Elsinboro Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Elsinboro Township Board of Education's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Elsinboro Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey

This report is intended solely for the information and use of the audit committee, management, the Elsinboro Township Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

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September 19, 2012

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH NEW JERSEY OMB CIRCULAR 04-04

The Honorable President and
Members of the Board of Education
Elsinboro Township School District
County of Salem, New Jersey 08079

Compliance

We have audited the Board of Education of the Elsinboro Township School District, in the County of Salem, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Elsinboro Township School District's major state programs for the fiscal year ended June 30, 2012. The Elsinboro Township Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Elsinboro Township Board of Education's management. Our responsibility is to express an opinion on the Elsinboro Township Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Elsinboro Township Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Elsinboro Township Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Elsinboro Township School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

Management of the Elsinboro Township School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Elsinboro Township Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major state program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with New Jersey Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Elsinboro Township School District Board of Education's internal control over compliance.

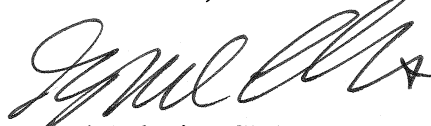
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, the Elsinboro Township Board of Education, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period From	To	Program or Award Amount	June 30, 2011			Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2012		
						(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Education															
General Fund															
Education Jobs Act	84.410A	ARRA-1350-12	8/10/10	9/30/12	\$ 19,377					\$ 19,377	\$ (19,377)				
Total General Fund															
U.S. Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund:															
National School Lunch Program	10.555	N/A	7/1/11	6/30/12	12,015					11,689	(12,015)		\$ (326)		
National School Breakfast Program	10.553	N/A	7/1/11	6/30/12	3,007					2,904	(3,007)		(103)		
Food Distribution Program	10.550	N/A	7/1/11	6/30/12	1,651					1,651	(1,651)				
Total Enterprise Fund										16,244	(16,673)		(429)		
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
Title I, Part A	84.010A	NCLB-1350-11	9/1/10	8/31/11	15,892	\$ (4,262)				4,262					
Title I, Part A	84.010A	NCLB-1350-12	9/1/11	8/31/12	19,172					19,172	(19,172)				
I.D.E.A. Part B	84.027	IDEA-1350-12	9/1/11	8/31/12	37,489					37,489	(37,489)				
I.D.E.A. Preschool	84.173	IDEA PS-1350-12	9/1/11	8/31/12	645					645	(645)				
Title II, Part A	84.367A	NCLB-1350-12	9/1/11	8/31/12	3,004					3,004	(3,004)				
REAP	84.358A	NCLB-1350-12	7/1/11	9/30/12	19,199					19,199	(19,199)				
Total Special Revenue Fund						(4,262)				83,771	(79,509)				
Total Federal Financial Assistance						\$ (4,262)				\$ 119,392	\$ (115,559)		\$ (429)		

The accompanying Notes to Financial Statements and Notes to the Schedules of Financial Assistance are an integral part of this schedule.

These funds were not audited in accordance with OMB Circular A-133 since the total of all federal grant expenditures was less than \$500,000.

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

FOR THE FISCAL YEAR ENDED JUNE 30, 2012													MEMO	
State Grantor/Program Title	Grant or State Project Number	Grant Period From	Grant Period To	Program or Award Amount	Balance at June 30, 2011		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2012			Budgetary Receivable	Cumulative Total Expenditures
					(Accounts Receivable)	Deferred Revenue				(Accounts Receivable)	Deferred Revenue	Due to Grantor		
State Department of Education														
General Fund														
Equalization Aid	12-495-034-5120-078	7/1/11	6/30/12	266,206				\$ 243,776	\$ (266,206)	\$ (22,430)		*	\$ (22,430)	\$ 266,206
Equalization Aid	11-495-034-5120-078	7/1/10	6/30/11	266,206	\$ (16,727)			16,727						
Special Education Categorical Aid	12-495-034-5120-089	7/1/11	6/30/12	62,092				56,860	(62,092)	(5,232)		*	(5,232)	62,092
Special Education Categorical Aid	11-495-034-5120-089	7/1/10	6/30/11	62,092	(3,902)			3,902						
Transportation Aid	12-495-034-5120-014	7/1/11	6/30/12	53,402				48,903	(53,402)	(4,499)		*	(4,499)	53,402
Transportation Aid	11-495-034-5120-014	7/1/10	6/30/11	53,402	(3,356)			3,356						
Security Aid	12-495-034-5120-084	7/1/11	6/30/12	17,749				16,254	(17,749)	(1,495)		*	(1,495)	17,749
Security Aid	11-495-034-5120-084	7/1/10	6/30/11	17,749	(1,115)			1,115						
Adjustment Aid	12-495-034-5120-085	7/1/11	6/30/12	104,399				95,603	(104,399)	(8,796)		*	(8,796)	104,399
Adjustment Aid	11-495-034-5120-085	7/1/10	6/30/11	62,280	(3,913)			3,913						
Extraordinary Aid	11-100-034-5120-473	7/1/10	6/30/11	11,149	(11,149)			11,149						
Nonpublic Transportation Aid	12-495-034-5120-014	7/1/11	6/30/12	635				113	(635)	(522)		*		635
Nonpublic Transportation Aid	11-495-034-5120-014	7/1/10	6/30/11	696	(696)			696						
Reimbursed TPAF Social Security Contrib	12-495-034-5095-002	7/1/11	6/30/12	59,691				56,763	(59,691)	(2,928)		*		59,691
On Behalf TPAF Pen - Post Retire Med	12-495-034-5095-001	7/1/11	6/30/12	49,871				49,871	(49,871)			*		49,871
On Behalf TPAF Non-Contributory Ins	12-495-034-5095-007	7/1/11	6/30/12	24,808				24,808	(24,808)			*		24,808
Total General Fund					(40,858)			633,809	(638,853)	(45,902)			(42,452)	638,853
Debt Service Aid Type II					5,934			5,934	(5,934)			*		5,934
Total Debt Service Fund								5,934	(5,934)					5,934
State Department of Agriculture														
Enterprise Fund:														
National School Lunch Prog. (State Share)	12-100-010-3350-024	7/1/11	6/30/12	342				332	(342)	(10)		*		342
Total Enterprise Fund								332	(342)	(10)				342
Total State Financial Assistance					\$ (40,858)			\$ 640,075	\$ (645,129)	\$ (45,912)			\$ (42,452)	\$ 645,129

The accompanying Notes to Financial Statements and Notes to the Schedules of Financial Assistance are an integral part of this schedule.

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2012

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Township of Elsinboro School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(13,439) for the general fund and \$0 for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE

JUNE 30, 2012

(Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 19,377	\$ 625,414	\$ 644,791
Special Revenue Fund	79,509		79,509
Debt Service		5,934	5,934
Food Service Fund	<u>16,673</u>	<u>342</u>	<u>17,015</u>
Total Financial Assistance	\$ <u>115,559</u>	\$ <u>631,690</u>	\$ <u>747,249</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

The Elsinboro School District had the following loan balances outstanding at June 30, 2012:

<u>Loan Program Name</u>	<u>Amount Outstanding</u>
Low Interest Loan (NJEDA)	\$ 6,588
Small Projects Loan (NJEDA)	27,184

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, if any, represents the amount paid by the state on behalf of the district for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2012
(Continued)

NOTE 7: SCHOOL-WIDE PROGRAM FUNDS

School-wide programs are not separate Federal programs as defined in OMB Circular A-13; amounts used in school-wide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditure of Federal Awards. There were no schoolwide programs in the district.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

1) Material weakness (es) identified? _____ yes _____ X no

2) Significant deficiencies identified? _____ yes _____ X none reported

Noncompliance material to basic financial statements noted? _____ yes _____ X no

Federal Awards **N/A**

Internal control over major programs:

1) Material weakness (es) identified? _____ yes _____ no

2) Significant deficiencies identified? _____ yes _____ none reported

Type of auditor's report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ yes _____ no

_____ **CFDA Number(s)** **Name of Federal Program or Cluster** _____

No Major Federal Programs

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? X yes _____ no

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(continued)**

Section I - Summary of Auditor's Results (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

1) Material weakness (es) identified? yes X no

2) Significant deficiencies identified that
are not considered to be material
weaknesses? yes X none
reported

Type of auditor's report issued on compliance for major programs: Unqualified Opinion

Any audit findings disclosed that are required to
be reported in accordance with NJOMB
Circular Letter 04-04

 yes X no

Identification of major programs:

GMIS Number(s)

Name of State Program

12-495-034-5120-078
12-495-034-5120-089
12-495-034-5120-084
12-495-034-5120-085

Equalization Aid
Special Education Categorical Aid
Security Aid
Adjustment Aid

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(continued)**

Section II - Financial Statement Findings

Finding: NONE

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012 (continued)**

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs**

FEDERAL AWARDS N/A

Finding:

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Effect:

Cause:

Recommendation:

Management's response:

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(continued)**

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs
(continued)**

STATE AWARDS

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

This section identifies the status of prior - year findings related to the general - purpose financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 Government Auditing Standards, US OMB Circular A-133 (Section .315 (a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR - YEAR FINDINGS

NONE